



Pension Investment Association of Canada

Association canadienne des gestionnaires de fonds de retraite

June 6, 2005

Canadian Coalition for Good Governance
BCE Place, Bay Wellington Tower
181 Bay Street, Suite 4510
P.O. Box 777
Toronto, Ontario
M5J 2T3

Via e-mail to: mary_stillich@ccgg.ca

Re: Good Governance Guidelines for Principled Executive Compensation (“Compensation Guidelines”)

Dear Sirs:

The Pension Investment Association of Canada (PIAC) is the representative association for pension funds in Canada in pension investment and related matters. The Member funds of PIAC collectively manage over \$500 billion in assets on behalf of more than six million beneficiaries. This letter is in response to your invitation to PIAC for comments on the Compensation Guidelines. We would like to thank you for providing us with an opportunity to comment on the Compensation Guidelines.

We support the Compensation Guidelines and appreciate the efforts made by the CCGG on this project. However, we do feel that “Guideline One: Build an Independent Compensation Committee” should be revised to require that compensation committees must be composed entirely of independent directors and not simply non-executive directors as is currently contemplated. We feel that compensation committees should have only independent directors as their members. The reference to “non-executive” is not in keeping with current best practices in Canada which call for independent compensation committees. As these are guidelines we feel that they should not make an exemption from the independence requirement for controlled companies.

Respectfully submitted on behalf of the Members of the Pension Investment Association of Canada.

Gretchen Van Riesen
Chair